

GAS

Medium-Term Market Report 2016

IEA Medium-Term Gas Market Report 2016

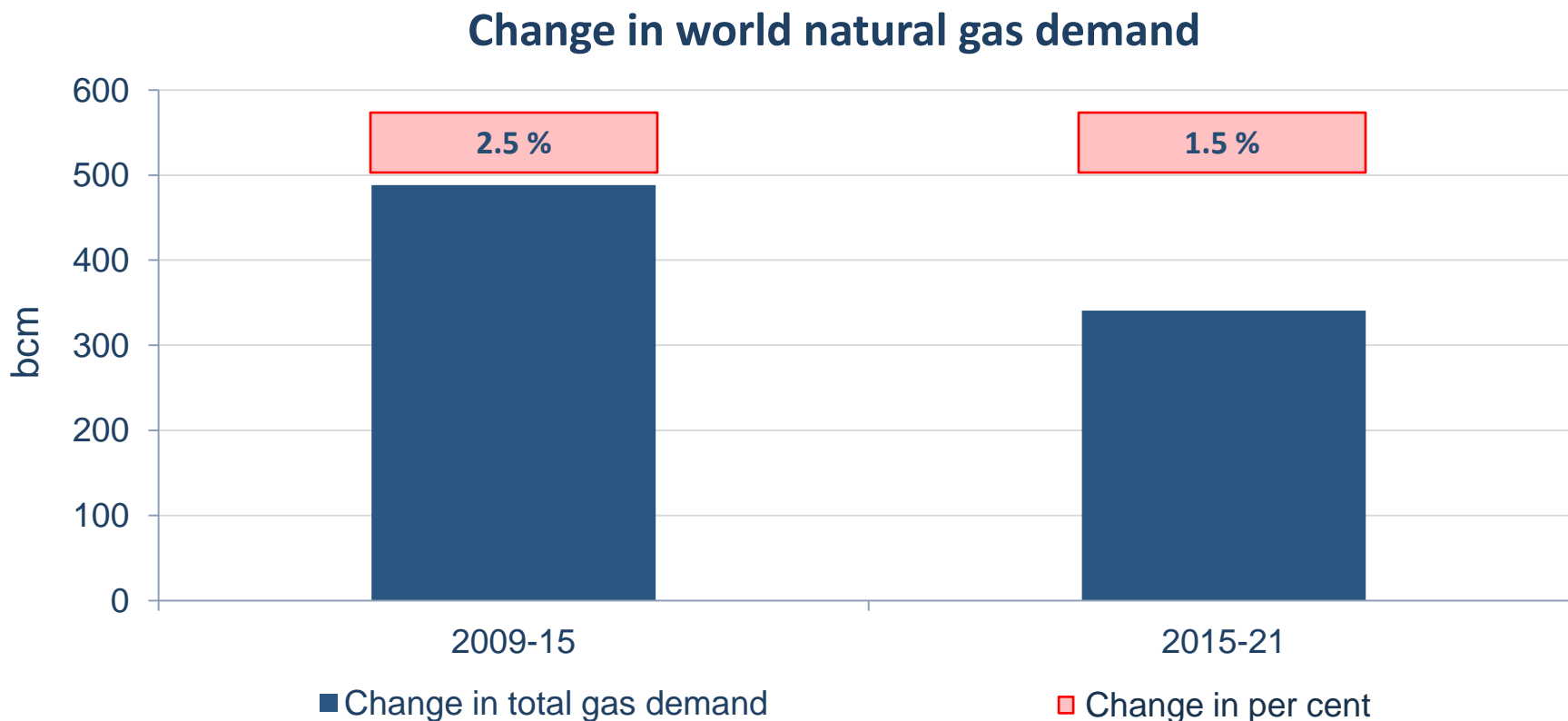


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Market Analysis and Forecasts to 2021

Growth in global gas demand slows

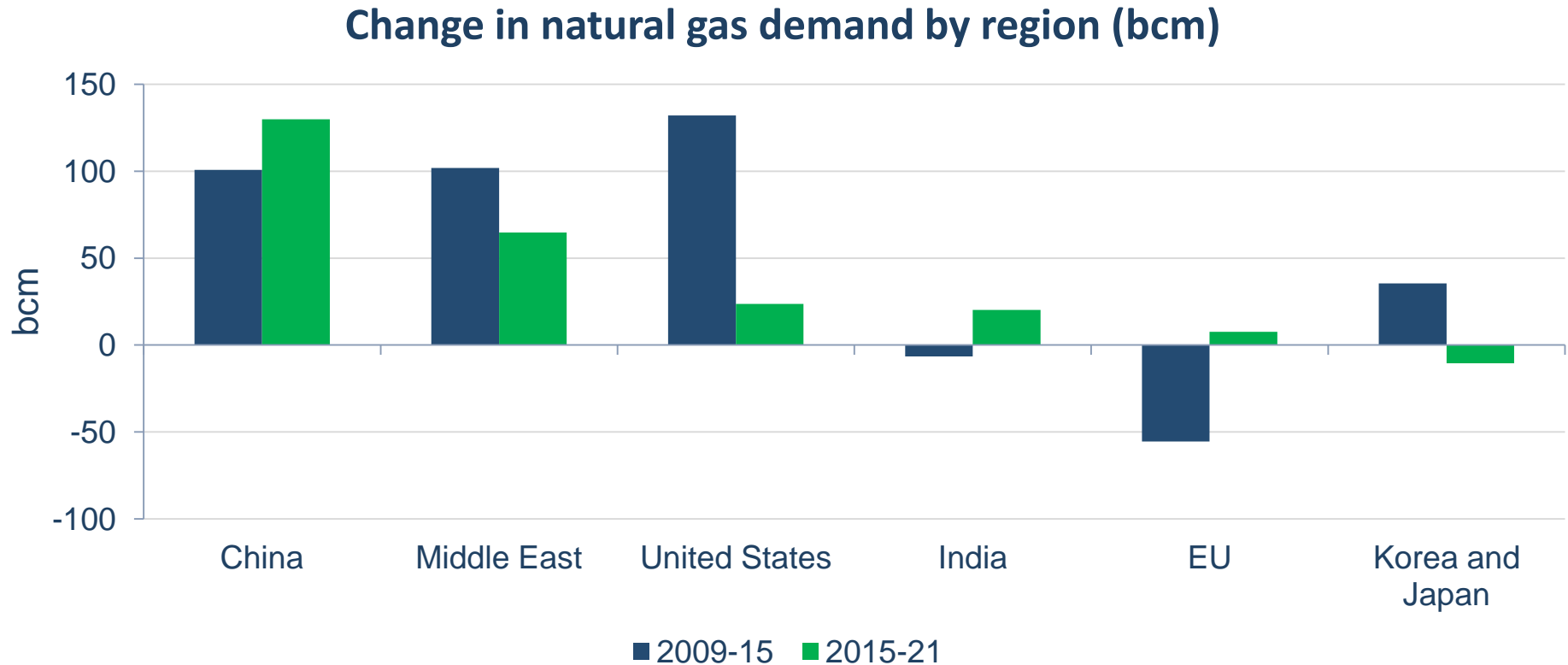
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Growth in gas demand slows as it faces greater competition in the power sector; yet it is the only fossil fuel that does not suffer a decline in its share of the energy mix

China drives increase in global gas demand, as the United States takes a back seat

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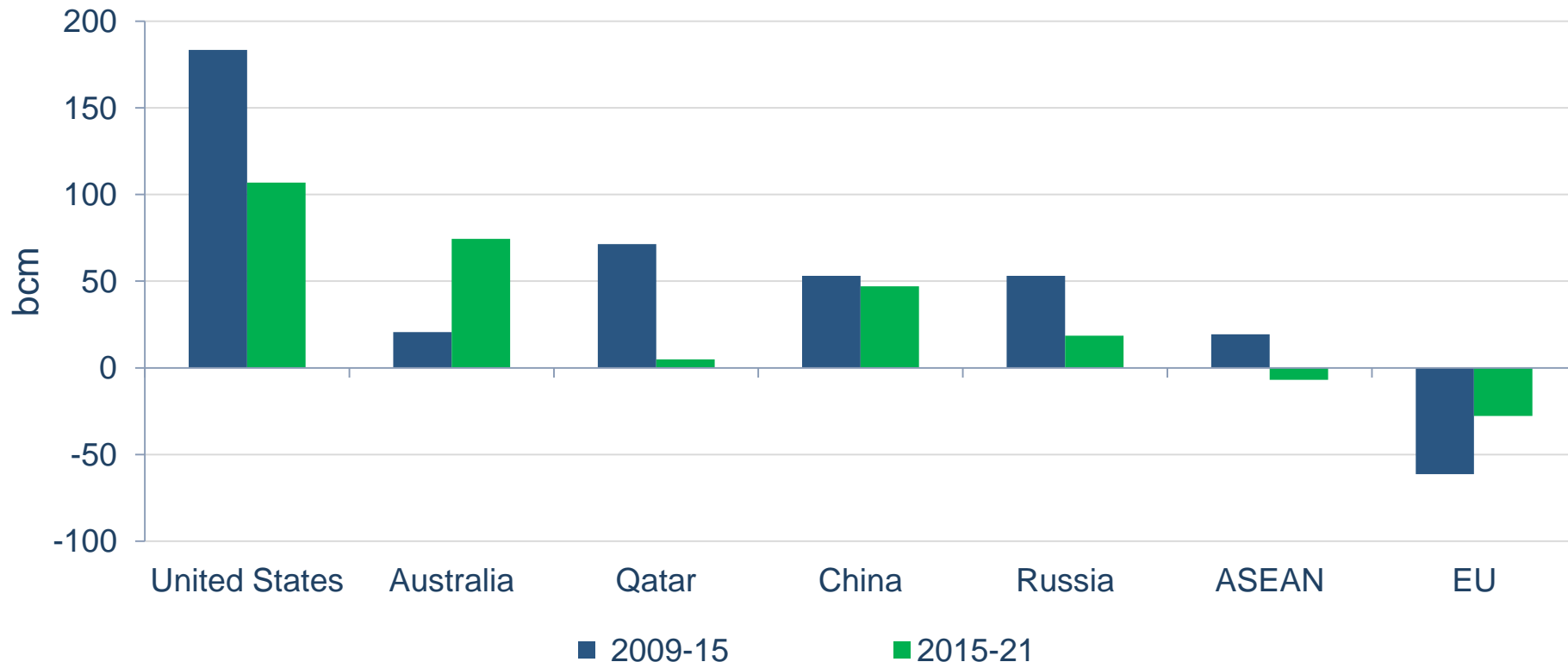


***US gas demand growth slows sharply, driven by stagnation in the power sector;
EU gas demand gradually recovers on coal & nuclear power plant retirements***

Growth in gas production is led by the United States and Australia

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Change in natural gas production by region (bcm)

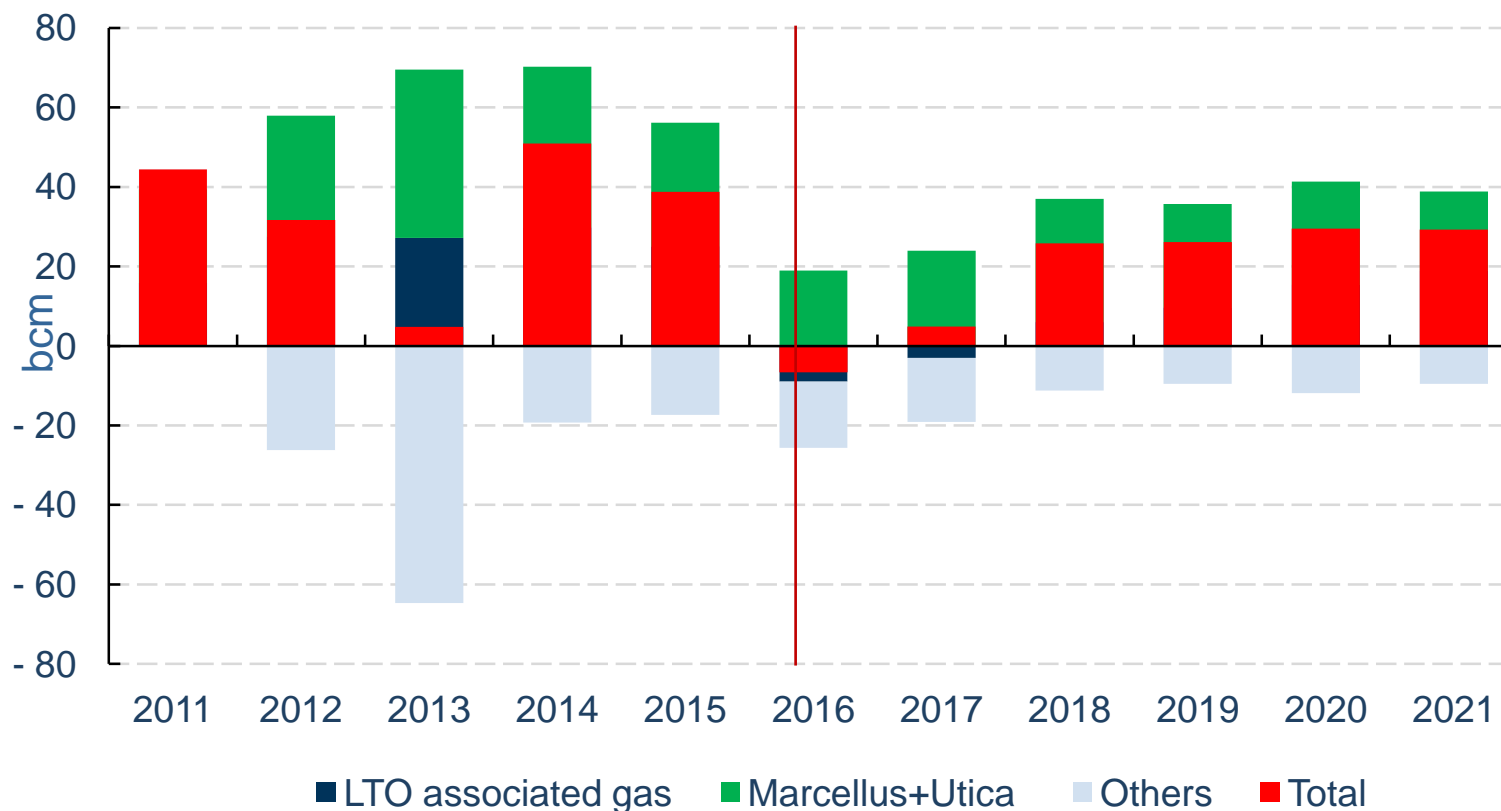


The United States & Australia take over from the more established exporters – Russia, Qatar & ASEAN – as the main source of production growth

US gas production stagnates in 2016 but a recovery is expected

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Change in US gas production, 2011-2021 (bcm)

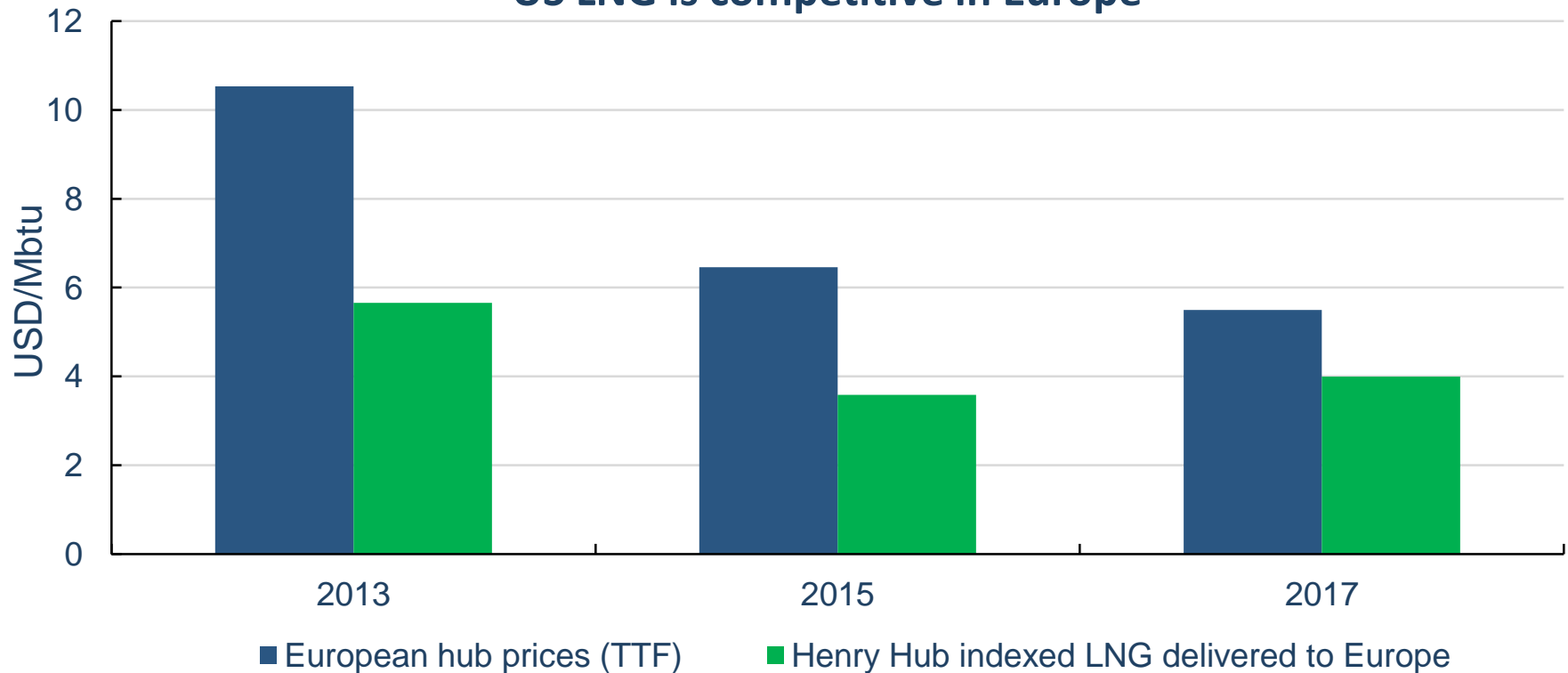


Low prices have impacted US gas production; but as market balances tighten & prices gradually recover, robust growth is set to resume

Greater competition is coming to the European gas market

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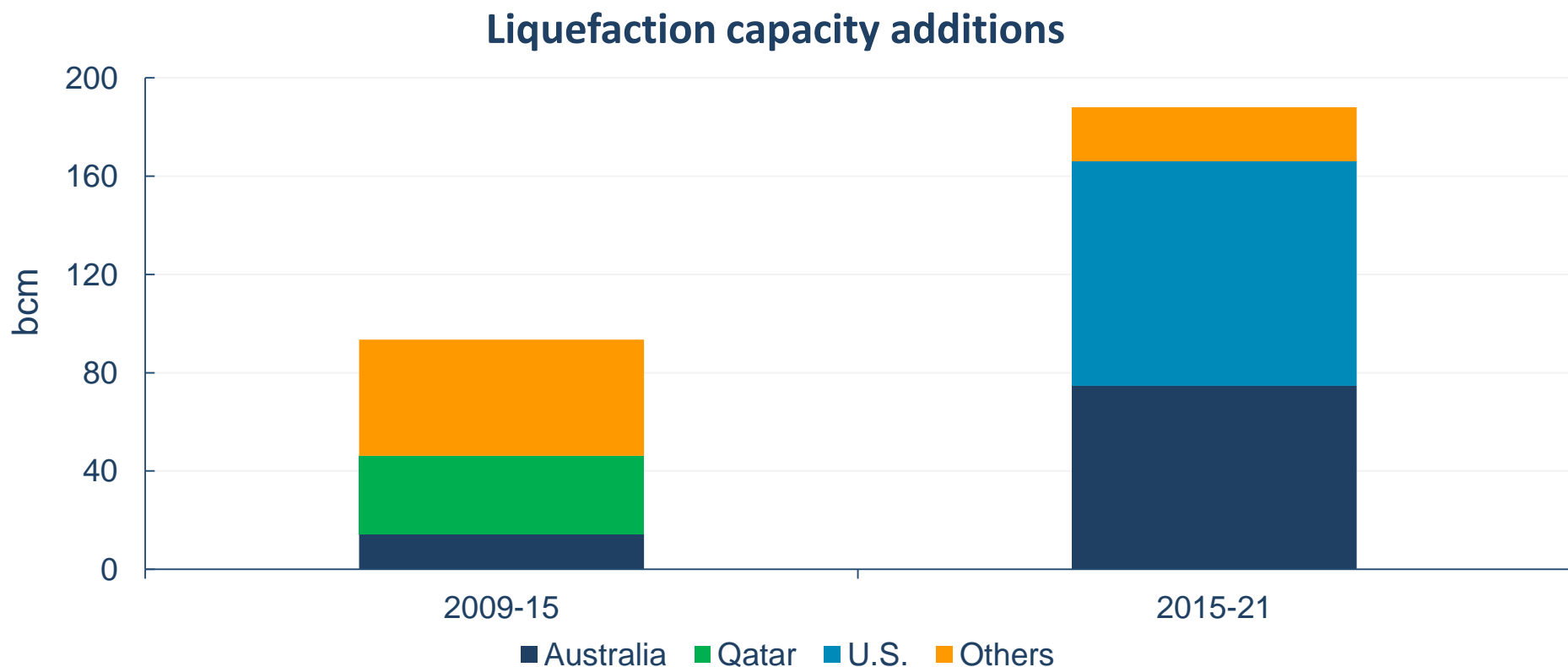
US LNG is competitive in Europe



Oversupply in global LNG markets will intensify competition; flexible US LNG volumes are well-placed to compete in Europe

Global LNG export capacity increases sharply

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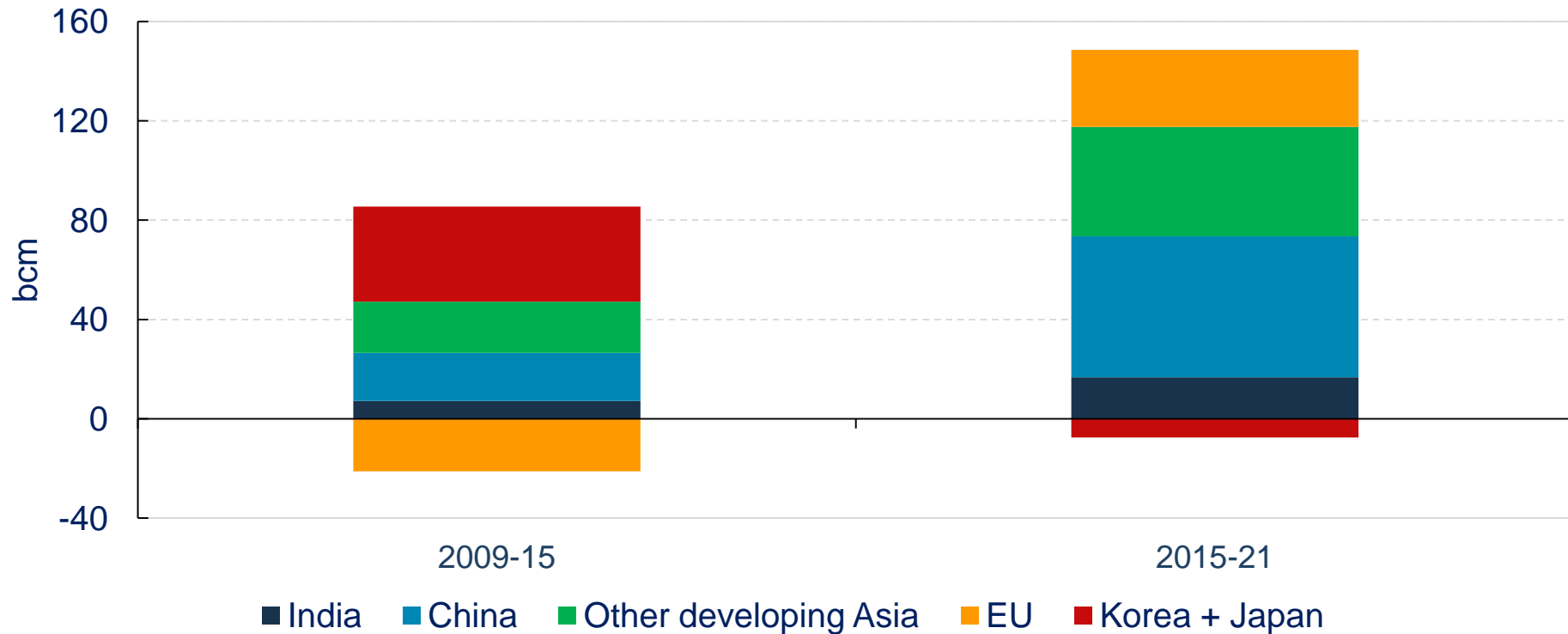


LNG capacity additions will be led by the US & Australia over the next five years; projects in Canada & East Africa could also move ahead if demand & prices recover

Developing Asia emerges as key engine of LNG import growth

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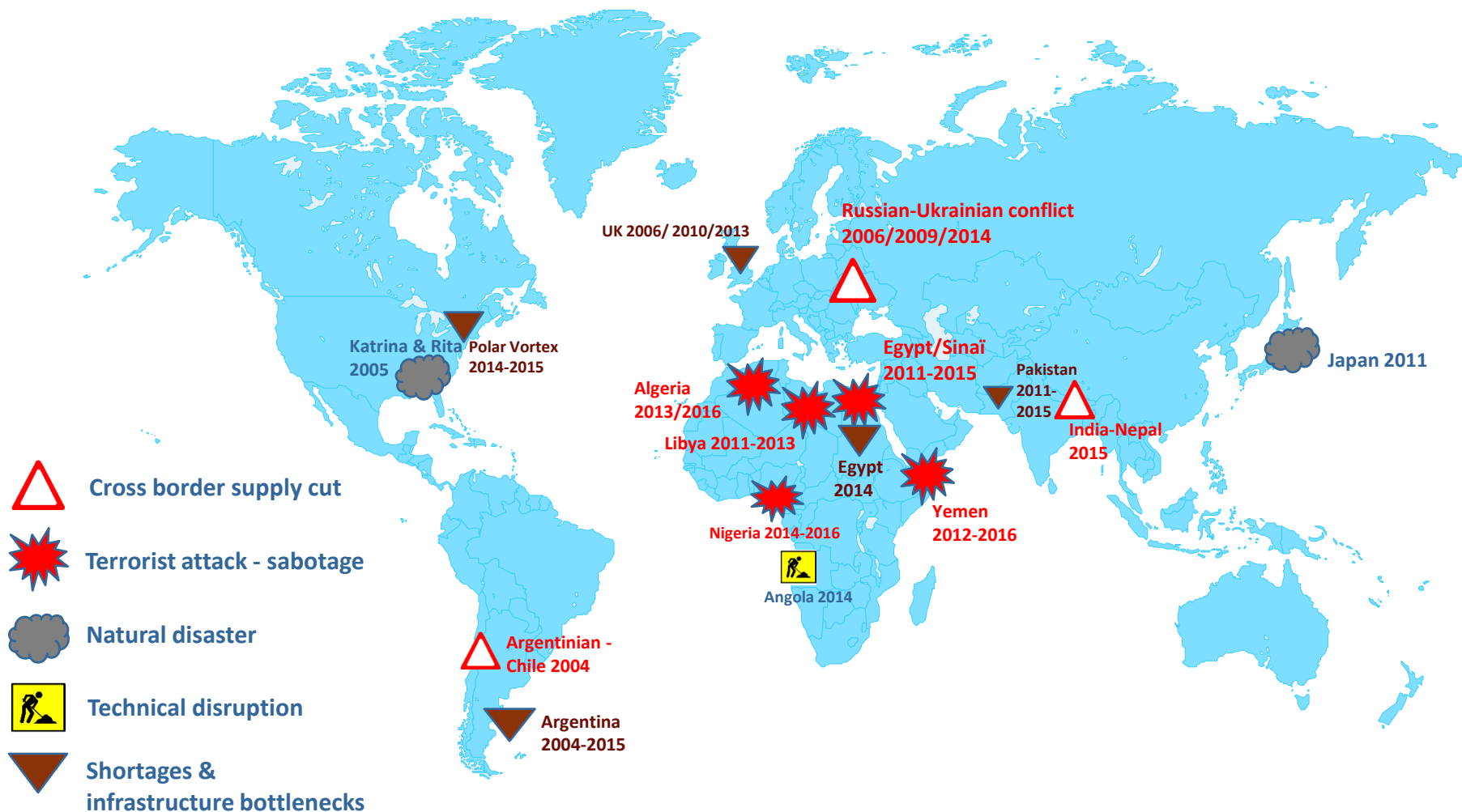
Change in LNG imports by region (bcm)



As imports from Japan & Korea are set to decline, the rebalancing of global markets will depend on the rate of expansion in China & other developing Asia

Gas security: No time for complacency

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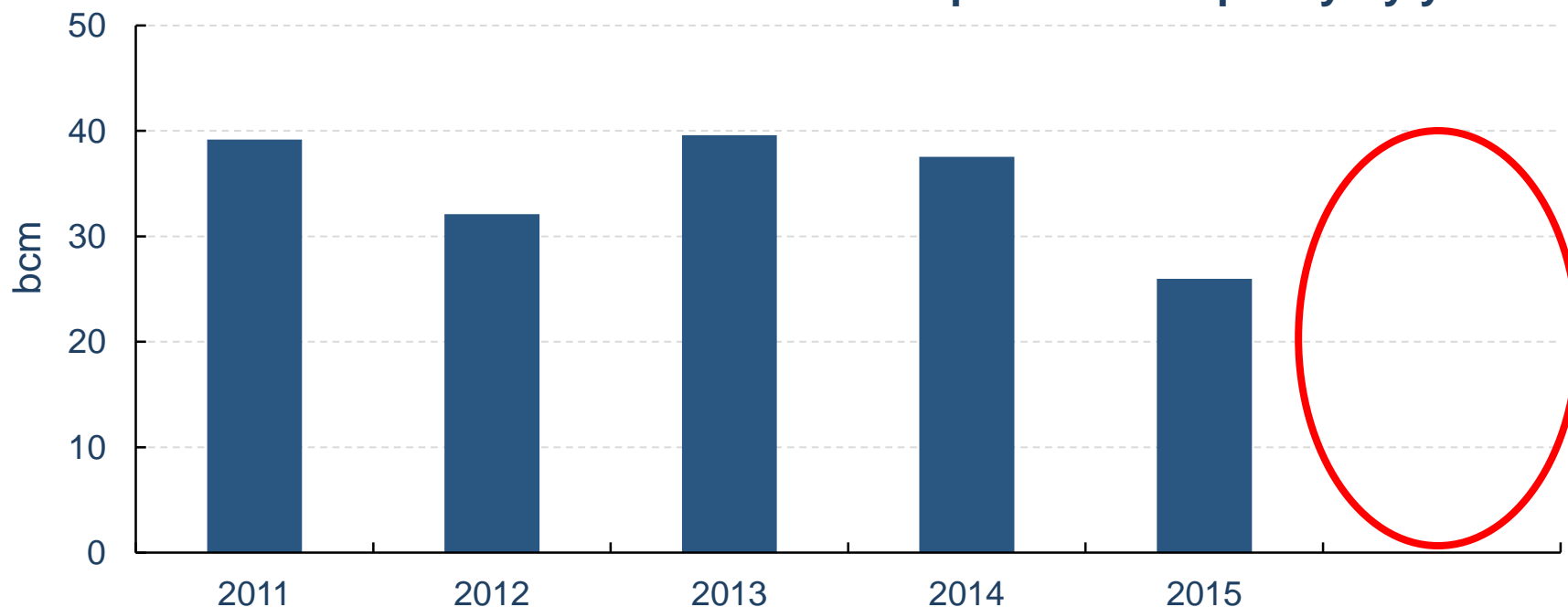


The amount of LNG capacity that is out of service has almost tripled over the past four years, highlighting security & investment challenges in key producer countries

Investment in new LNG export capacity has ground to a halt

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Final investment decisions in liquefaction capacity by year



The collapse in investment increases the risk of tighter markets in the next decade; concerns about gas supply security could quickly re-emerge

Conclusions

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- **The gas landscape is changing: production growth is increasingly driven by the US & Australia; demand growth by developing Asia**
- **Traditional exporters will come under pressure as competition from new supply sources intensifies**
- **Global gas prices are set to stay under pressure as a huge amount of LNG export capacity is coming online just as demand slows**
- **Lower prices have triggered a collapse in new investment**
- **IEA is taking on a new mandate on gas security – low prices & well supplied markets give no cause for complacency**